

Racing Forward & Babbling About Mobile

by [Steve Brown](#)

There is a classic car show in Paris called Retromobile that features some of the fastest cars of bygone years. This is very popular perhaps driven by fondness recalling speed records, which were all the rage in Europe in the 1920s. Back then, a Welsh engineer named John Parry-Thomas had set a record at 169 miles per hour in 1927, but when a rival beat it, he set about regaining the record and this time needed to exceed 174mph. His car, nicknamed Babs, was a pre-WWI Mercedes into which he had installed a 12 cylinder, 27 liter aviation engine. To give some perspective, that is roughly 10x bigger than the engine of a modern car. Ponder for a moment the relative strength of auto frames found on vehicles of the late 1920s. The wheels had spokes and were little removed from those on bicycles. While driving more than 100 mph on the beach in Wales in the record attempt, he wrecked, the car flipped and burst into flames. Parry-Thomas was instantly killed and the car was left on the beach, disintegrating until 1969 when a car enthusiast dug it out of the sand. You can see this car at the Paris show, the body has been restored and even the engine runs now.

There are certain things that are great to see in museums, but in the real world we'd probably rather use a modern version. With every generation of innovation, obsolescence of the previous technology comes more quickly. Consider that most banks have already rolled out mobile banking and its rate of adoption has been striking. Mobile customers are attractive for numerous reasons including: they are less expensive to maintain (use less staff time); they attract younger users (55% are between ages 18 and 34); they attract more affluent customers (with an average income of \$71,000 versus an average income of non-mobile users of \$59,000). There are many reasons for mobile.

Mobile banking is also arguably the most important strategic change in retail banking since Babs roared down the beach in auto racing. In areas with no infrastructure, branches or ATMs, mobile banking has leapfrogged over the need to build out physical structures and brought banking services to millions of people (some for the first time). Over the coming decades, mobile will likely become the primary means by which most customers interact with their banks worldwide.

Community banks have the agility and ability to implement new concepts more quickly than large institutions. Yet, mobile implementation has been haphazard at many community banks where the rollout of apps and features has occurred with little assessment of where the greatest customer needs may be. It is probably a good time to perform a mobile banking satisfaction audit for the services your bank is offering, with the goal of an updated strategy for your bank's mobile goals. There should be an assessment of which additional services are needed and for the streamlining and improving existing ones. Active performance management of all mobile services will be crucial for future success so bankers must keep evolving.

Having a forward-thinking approach to mobile banking services may also help create a durable competitive advantage. Mobile customers have little tolerance for poor performing technology and retention of these customers will depend upon staying relevant. To do so, you may want to consider using mobile channels in a customer advocacy role (for example keeping a customer from missing a payment by notifying them that it is due). There are lots of ways to use mobile and keeping up without forcing you to race down the beach in a rickety laundry basket. Doing so will help bind customers to your bank and power your bank for some time to come.

ECONOMY & RATES

Yesterday

Yields remained unchanged with jobless and home sales data proving to be non-event, as both releases were exactly in line with expectations.

Today

Nothing significant is scheduled for the day so the market is left to ponder when and at what pace interest rates may rise. Yields are unchanged so far as a result.

Rates As Of: 03/21/2014 08:47AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.05	0.00	0.00
6M	0.08	0.00	0.00
1Y	0.13	0.00	0.00
2Y	0.43	0.00	0.00
5Y	1.72	0.00	0.00
10Y	2.76	0.00	0.00
30Y	3.63	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	0.25	0.00	
Prime	Unemployment	Oil	
3.25	0.00	\$0	

[More Market Rates](#)

BANK NEWS

M&A

Grandpoint Bank (\$2.0B, CA) will acquire Wedbush Bank (\$243mm, CA) for an undisclosed sum.

M&A

CommunityBank of Texas (\$2.5B, TX) will acquire Memorial City Bank (\$280mm, TX) for an undisclosed sum.

M&A

Westfield Bank FSB (\$830mm, OH) will acquire Valley Savings Bank (\$128mm, OH) for an undisclosed sum.

Branch Sale

Commerce Bank (\$23B, MO) sold 3 branches to New Era Bank (\$263mm, MO) for an undisclosed sum.

Layoffs

Bloomberg reports Bank of America is laying off hundreds of people in its investment banking and trading units.

Biz Conditions

The latest Business Roundtable survey of CEOs finds close to 50% plan to increase capital spending in the next 6 months vs. 39% in the prior quarter and 72% expect to see increased sales in the next 6 months.

Rate Hikes

CNBC reports former Fed Governor Robert Heller says he expects rate hikes to come at the end of this year when tapering is completed vs. the 2015 expectations of some market participants.

Prepaid Disclosures

The CFPB has released sample model disclosure forms for prepaid cards that list fees in more detail and direct consumers to contact the CFPB if they have questions or concerns.

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